

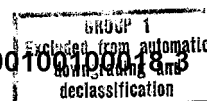
**SECRET**DIARY NOTESDD/S21 March 1967

25X1A 1. TSD [REDACTED] called as to developments 25X1A  
 on the [REDACTED] Report. I advised that I was rewriting my proposal which  
 would now leave central control with the Director of Logistics with some  
 delegation to a Logistics contracting officer assigned to the components of  
 the Agency. Logistics would negotiate with each such component to meet  
 25X1A its special needs. [REDACTED] advised that they were thinking in terms of a  
 contract team of about eight people which includes two stenographers and would  
 have Security, Finance and Auditors and of course several Logistics contract-  
 ing officers. I advised that my report would be coordinated with them and  
 we should have this ready in the next three or four days.

2. Peace Corps: Colonel White called and advised that Mr. Helms  
 had been briefed on the Peace Corps incident where we circulated a number  
 of letters to some present and former Peace Corps employees for recruitment  
 purposes. Corrective action has been taken and Jack Vaughn, Director of  
 Peace Corps, has been fully briefed by his General Counsel. Mr. Helms  
 wants consideration in our recruitment program of possibly including some  
 caveat in our letters to unknown applicants that if they had Peace Corps  
 experience we cannot further consider their application. Colonel White wants  
 to discuss this topic in the next several days. I will alert Mr. Echols on  
 this problem. 25X1A

25X1A 3. IG Survey of OTR: The IG proposed that [REDACTED]  
 [REDACTED] serve on the IG inspection team of OTR. I checked with John Richardson  
 to be sure that this was satisfactory to him and he said OK and I so advised  
 the IG.

25X1A 4. Employee Activity Association: The DDCI and the Executive  
 Director determined that Agency appropriated funds will not be used to man  
 and operate the proposed store to be run by the Employee Activity Association.  
 Emmett Echols [REDACTED] met with me today to discuss the matter  
 and we agreed that we would cancel the store as a continuing program but  
 would activate store-type sales about three times a year--approximately  
 Christmas, Easter and summer opening. The store would be manned by  
 contract types, either retirees or wives of employees paid out of profits from

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the operation of the store. As the program develops and proves manageable and profitable we may extend the times that the special sales activities are conducted but always on the premise that EAA will pay the salaries of working personnel in this activity. I agreed out of the Central Club fund in my possession to loan EAA enough money to set up shelves and display cases and also to loan them money to purchase stock for these sales and that this loan would be repaid from the proceeds of these sales. [REDACTED] will prepare a paper setting forth these principles for forwarding to the Front Office for its information. 25X1A

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25X1A 5. Missing Tape: We have had several meetings with the Executive Director in the last several days to discuss the report of the investigation on the missing tape, to discuss proposed disciplinary action concerning certain OCS employees who failed to report the loss of the tape, and to determine what action has been taken since this case developed. The terms of reference of the [REDACTED] Committee were clarified last evening with Carl Duckett and the Committee will have its report available by the end of this week. Meantime, the Office of Security [REDACTED] Security Officer now assigned to OCS, have taken a number of corrective measures concerning control and accountability of tapes. The polygraphing of 26 OCS employees is complete with no additional information being developed. We are to meet with the Director within the next four or five days to report to him actions taken in this case, corrective measures developed, and actions to assure for the future that this incident will not happen again. 25X1A

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